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Request for the inclusion of a supplementary item in the agenda of the fifty-fifth session

Observer status for the Inter-American Development Bank in the General Assembly

Letter dated 27 July 2000 from the Permanent Representative of Argentina to the United Nations addressed to the Secretary-General

In my capacity as Chairman of the Group of Latin American and Caribbean countries for the month of July 2000, and in accordance with rule 14 of the rules of procedure of the General Assembly, I have the honour to request the inclusion in the agenda of the fifty-fifth session of the General Assembly of a supplementary item entitled "Observer status for the Inter-American Development Bank in the General Assembly", taking into account the mandate that the Group gave me in the meeting of 25 July 2000.

An explanatory memorandum (see annex I) in support of the above request and a draft resolution (see annex II) are attached to the present letter, in accordance with rule 20 of the rules of procedure of the General Assembly.

I further have the honour to request that the present letter and its annexes be circulated as a document of the General Assembly.

(*Signed*) Arnoldo M. **Listre**
Ambassador Extraordinary and Plenipotentiary
Permanent Representative of Argentina to the United Nations and
Chairman for July 2000
Group of Latin American and Caribbean Countries

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Annex I to the letter dated 27 July 2000 from the Permanent Representative of Argentina to the United Nations addressed to the Secretary-General

Explanatory memorandum

The Inter-American Development Bank, the oldest and largest regional multilateral development institution, was established in December of 1959 to help accelerate economic and social development in Latin America and the Caribbean.

The Bank was created in response to a longstanding desire on the part of the Latin American nations for a development institution that would focus on the pressing problems of the region. The Bank's original membership included 19 Latin American and Caribbean countries and the United States. Subsequently, eight other Western Hemisphere nations, including Canada, joined the Bank.

From the beginning, the Bank developed links with many industrialized countries on other continents and in 1974 the Declaration of Madrid was signed to formalize their entry into the Bank. Eighteen nonregional countries joined the Bank between 1976 and 1993. Today Bank membership totals 46 nations.

In addition to the Bank, the IDB Group consists of the Inter-American Investment Corporation (IIC) and the Multilateral Investment Fund (MIF). The IIC, an autonomous affiliate of the Bank, was established in 1989 to promote the economic development of the region by financing small and medium-scale private enterprises. The MIF was created in 1992 to promote investment reforms and to stimulate private-sector development.

In its 40 years of operations, the Bank has become a major catalyst in mobilizing resources for the region. The Bank's Charter states that its principal functions are to:

- Promote the investment of public and private capital in the region;
- Use its own capital and to mobilize funds for high-priority economic and social projects;
- Encourage private investment contributing to economic development and to supplement private investment whenever necessary;
- Provide technical cooperation for preparing, financing and carrying out development plans.

In carrying out its mission, the Bank has mobilized financing for projects that represent a total investment of $240 billion. Annual lending has grown dramatically from the $294 million in loans approved in 1961 to $9.5 billion in 1999.

The Bank's operations cover the entire spectrum of economic and social development. In the past, Bank lending emphasized the productive sectors of agriculture and industry, the physical infrastructure sectors of energy and transportation and the social sectors of environmental and public health, education and urban development. Current lending priorities include poverty reduction and social equity, modernization and integration, and the environment.

During the 1960s and 1970s the Bank was a pioneer in financing social projects such as health and education. The Bank has made an effort to see to it that its lending operations directly benefit low-income populations. Its innovative Small Projects Program seeks to provide small financings to microentrepreneurs and small-scale farmers and since 1990 the Bank has broadened its support to the informal sector. In recent years, the Bank has financed sector reform loans and debt reduction programs. In 1995, it began lending up to 5 percent of its ordinary capital resources directly to the private sector, without government guarantees.

The financial resources of the Bank consist of the ordinary capital account comprised of subscribed capital, reserves and funds raised through borrowings and Funds in Administration, comprised of contributions made by member countries. The Bank also has a Fund for Special Operations for lending on concessional terms for projects in countries classified as economically less developed.

The Bank has borrowed funds for its operations from the capital markets of Europe, Japan, Latin America, the Caribbean and the United States. The Bank's debt is AAA rated by the three major rating services in the United States, and is accorded equivalent status in the other major capital markets.

The Board of Governors is the Bank's highest authority, on which each member country is represented. Governors are usually Ministers of Finance, Presidents of Central Banks or officers of comparable rank. The Board of Governors has delegated many of its operational powers to the Board of Executive Directors, which is responsible for the conduct of the Bank's operations. The Bank, whose headquarters are in Washington, D.C., has Country Offices in each of its borrowing member countries and in Paris and Tokyo.

The priority areas for future IDB lending include many for which an increased exchange with the United Nations General Assembly would be mutually beneficial. As examples, these include: protecting the environment; strengthening civil society; investing in information technology; promoting private sector lead growth; and modernization and of the State.

The IDB enjoys observer status in the United Nations Economic and Social Council and has working arrangements/memorandums of understanding with certain other economic bodies and organizations in the United Nations family, including IFAD, FAO, WHO and UNDP. During the past thirty years the IDB has utilized the expertise of these and other UN agencies to execute a large number of its loans and technical cooperation grants. Bank officials have been invited over the years to address the Second Committee of the General Assembly on selected development issues. However, the ad hoc arrangements for observing selected General Assembly sessions, particularly on environment, economic and social development have become increasingly unworkable. The IDB considers it timely and desirable to consolidate its links with the United Nations, and that observer status in the General Assembly would be mutually beneficial.

Therefore, pursuant to a decision taken by its Board, the IDB requests that it be granted observer status in the General Assembly. The observer status sought for the IDB would cover all bodies within its framework.

Annex II to the letter dated 27 July 2000 from the Permanent Representative of Argentina to the United Nations addressed to the Secretary-General

Draft resolution

Observer status for the Inter-American Development Bank in the General Assembly

The General Assembly,

Wishing to promote cooperation between the United Nations and the Inter-American Development Bank,

1. *Decides* to invite the Inter-American Development Bank to participate in the sessions and the work of the General Assembly in the capacity of observer;

2. *Requests* the Secretary-General to take the necessary action to implement the present resolution.